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RESEARCH AID

MONEY EARNINGS IN THE USSR
1928-60



CIA/RR RA-30

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CENTRAL INTELLIGENCE AGENCY

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(ORR Project 45.1591)

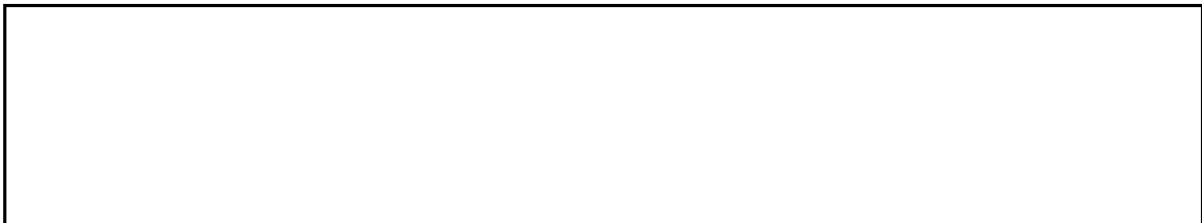
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CIA/RR RA-30
(ORR Project 45.1591)

MONEY EARNINGS IN THE USSR*
1928-60

I. Introduction.

The purpose of this research aid is to present estimates of the average annual money earnings of workers and employees in the USSR from 1928 to 1960 (see the table**). . The nature of the data available as well as the need in some instances to resort to rather indirect methods to derive a given figure means that these estimates are of uneven quality. Despite this limitation the over-all trend revealed by the estimates probably reflects accurately the course which average annual money earnings have taken in the USSR since the inception of over-all economic planning.

The greatest confidence can be placed upon the figures for the prewar years and the period 1952-57, resting as they do on official data. Less confidence can be placed upon the figures for the war and immediate postwar years (1941-51), which were derived from estimated wage fund trends, real wage trends, or interpolation. The projections for the final years of the Sixth Five Year Plan (1956-60) reflect the average growth of money earnings in the first 2 years of the Plan and represent a speculation as to the future course to be taken by average annual money earnings.

II. Methodology.

A. 1928-40.

All figures for 1928-40 except those for 1936 and 1939 were obtained directly from official sources. 1/*** Estimates for 1936 and 1939 were obtained by interpolation.

B. 1941-44.

Average annual money earnings of workers and employees in the USSR in 1944 probably were about 35 percent above the 1940 level. This estimate of the growth of money earnings was derived by a downward adjustment of the growth of labor earnings in industry from 1940 to 1944 (42 percent) as reported by Voznesensky. 2/ The magnitude

* The estimates and conclusions contained in this research aid represent the best judgment of ORR as of 1 March 1958.

** The table follows on p. 2.

*** For serially numbered source references, see the Appendix.

Table

Average Annual Money Earnings of Workers
and Employees in the Soviet National Economy
1928-60

Year	Amount a/ (Rubles)	Percentage Increase Above Preceding Year	Indexes		
			(1928 = 100)	(1940 = 100)	(1950 = 100)
1928	708		100		
1929	800	13	113		
1930	936	17	132		
1931	1,127	20	159		
1932	1,427	27	202		
1933	1,566	10	221		
1934	1,858	19	262		
1935	2,269	22	320		
1936	2,650	17	374		
1937	3,093	17	437		
1938	3,467	12	490		
1939	3,750	8	530		
1940	4,054	8	573	100	
1941	4,350	8	614	107	
1942	4,700	8	664	116	
1943	5,050	8	713	125	
1944	5,450	8	770	134	
1945	5,450	0	770	134	
1946	5,950	9	840	147	
1947	7,150	20	1,010	176	
1948	7,500	5	1,059	185	
1949	7,550	1	1,066	186	
1950	7,600	1	1,073	187	100
1951	7,800	3	1,102	192	103
1952	8,000	3	1,130	197	105
1953	8,150	2	1,151	201	107
1954	8,350	2	1,179	206	110
1955	8,600	3	1,215	212	113
1956	8,850	3	1,250	218	116
1957	9,300	5	1,314	230	122
1958	9,650	4	1,363	238	127
1959	10,050	4	1,419	248	132
1960	10,500	4	1,483	259	138

a. All estimates during the period 1941-60 are rounded to the nearest 50 rubles.

of the downward adjustment was estimated in the following manner. Official sources indicate that average annual money earnings in the national economy increased 101 percent from 1940 to 1953. ^{3/} Mikoyan, on the other hand, indicated that the rise in industrial money earnings was 119 percent for the same time period, ^{4/} implying that the growth of industrial earnings was 9 percent greater than the rate of growth of average earnings. It was assumed that at least one-half of this differential, or about 5 percent, originated during the war years. This would mean that money earnings in 1944 were about 35 percent above the 1940 level.

The estimates for 1941, 1942, and 1943 were derived by assuming a constant annual rate of growth for the period 1940-44 and interpolating accordingly.

C. 1945.

The estimate of average money earnings for 1945 was derived from the estimate for 1953. N.M. Shvernik, head of the trade unions, reported in October 1953 that earnings had increased 50 percent in "recent" years. ^{5/} "Postwar" is read for "recent" because the same growth (a 50-percent increase) was referred specifically to the postwar years in October 1952. ^{6/}

D. 1946-49.

The figures for 1946-49 were developed in reverse chronological order. The benchmark for these estimates is the estimate of average money earnings in 1950.

1. 1949.

Average money earnings in 1949 probably were more than 99 percent of the 1950 level. The plan fulfillment report for 1950 indicated that average wages in that year were above the 1949 level. ^{7/} It is not likely, however, that wages could have increased by any substantial amount. Real wages in 1950 were reported to have been 19 percent above the 1949 level. At the same time, the purchasing power of workers and employees in the organized market rose by about 23 percent, partly as a result of a 19-percent reduction in state and cooperative prices. Because kolkhoz market prices also declined in this period, ^{8/} the rise in money wages must have been very small, probably not more than 1 percent.

2. 1948.

Average money earnings in 1948 probably were about 99 percent of their 1949 level. Although money earnings were reported to

have increased from 1948 to 1949, 9/ once again it does not seem likely that the rise could have been very large. Real wages are estimated to have risen by about 12 percent between the 2 years,* and state and co-operative prices were reduced by 12 percent.

3. 1947.

Average money earnings in 1948 are estimated to have been about 5 percent above the 1947 level. This estimate was derived from corresponding estimates of the growth of the small wage fund (11 percent) and the increase in the average annual number of workers and employees (6 percent). The growth of the small wage fund was obtained by arbitrarily adjusting upward the 10-percent increase reported for the large wage fund. 11/ Although it appears likely that the armed forces and the prison population grew more slowly and received increases in pay no greater than the civilian labor force, there is no basis for accurately determining the differential between the growth of the small and large wage funds. It seems probable that the small difference introduced, and the average wage rise dependent upon it, represents a minimum.

The average annual number of workers and employees was reported to have increased by 2 million from 1947 to 1948. 12/ This figure represents a 6-percent increase over the number of workers and employees estimated for 1947.**

4. 1946.

Average money earnings in 1947 probably were 20 percent above the 1946 level. The method employed to derive this estimate is similar to that used to estimate 1947 average money earnings. The probable growth of the small wage fund was at least 25 percent between 1946 and 1947. For the same period the growth of the average annual number of workers and employees was 1.2 million, 14/ or 4 percent.

The estimated growth of the small wage fund was derived by arbitrarily adjusting upward the increase of 23 percent reported for

* Because per capita income and real wage indexes are closely paralleled during the period 1949-55, it is assumed that the 12-percent rise in per capita income report between the 2 years 10/ is indicative of the rise in real wages.

** The number of workers and employees in 1948 was reported to be 10 percent above the 1940 level. 13/ The total for 1940 has been reported to be 31.2 million. There is no assurance that these measures are precisely comparable.

the large wage fund. ^{15/} The reasoning behind this upward adjustment is identical with that used in the 1947 estimate. It is probable that the adjustment, 2 percentage points, results in a minimal estimate of the growth of the small wage fund.

E. 1950-52.

The estimates of average annual money earnings for 1950 and 1952 have as their ultimate benchmark the estimate of average money earnings in 1953. The procedure employed was to derive a measure of the growth of money earnings from 1950 to 1953, using as indicators an index of real wages and an index of prices. The figure for 1951 was obtained by interpolating between the estimates for 1950 and 1952.

Mikoyan reported that by 1953 real wages had risen 31 percent above the 1950 level. ^{16/} Consumer prices are estimated to have fallen by that year to about 82 percent of the 1950 level.* The increase in money earnings implied by these two indexes, then, is 7 percent between 1950 and 1953.

* The index of consumer prices was constructed on the basis of the index of state retail prices and the index of kolkhoz prices ^{17/} and assumes that there was no change in the average price of consumer services. The index of state retail prices was constructed by adjusting the official indexes for food and manufactured goods ^{18/} to an annual basis and weighting these by their shares in 1953 state retail turnover. ^{19/} In the absence of any evidence suggesting changes in the prices of consumer services, it was necessary to assume that these prices remained constant for the period (see the tabulation below).

Indexes				
<u>Year</u>	<u>State and Cooperative</u>	<u>Kolkhoz</u>	<u>Services</u>	<u>Aggregate</u>
1950	100	100	100	100
1953	78	93	100	82

The weights used in combining the three indexes were, respectively, 78, 12, and 10 percent. The services weight was estimated, and the remainder was divided between state and cooperative and kolkhoz consistent with their combined turnover in 1953 (86.5 and 13.5 percent). ^{20/}

The figure for average money earnings in 1952 was computed on the basis of official reports that money wages in 1953 were 2 percent above the 1952 level. 21/ The estimate for 1951 was then derived by interpolating between the figures for 1950 and 1952.

F. 1953-54.

The estimates of average money earnings for 1953 and 1954 were obtained by applying the official index to the base-year figure, that for 1940. These indexes are 201 for 1953 22/ and 206 for 1954. 23/

G. 1955-57.

Estimates for 1955-57 were derived in reverse of chronological order. The figure for 1957 was derived by applying an index of 230 24/ to the base-year figure, that for 1940. This index probably relates an average of monthly averages for the first half of 1957 with a monthly average for 1940. It is not likely that the index reflects any anticipated increases in money earnings during the second half of 1957 and so may understate the annual average for 1957.

The estimate for 1956 was derived from the figure for 1957 by applying the 5-percent growth report for the first half of 1957 over the first half of 1956. 25/ The estimate for 1955 reflects the reported growth in money wages of 3 percent from 1955 to 1956. 26/

H. 1958-60.

The projections for 1958-60 were obtained by applying an annual increase of 4 percent. This rate of increase was derived by averaging the percentage increases for the first 2 years of the Plan period. The increase in annual average money earnings for the period of the Sixth Five Year Plan thus obtained -- about 22 percent -- is not inconsistent with the increase in real wages targeted for the Plan period (30 percent).

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